

Chapter 12

## The Limits of Nationalism

When in October 1973 Egypt launched the Fourth Arab-Israeli war, it was not Gadafi, his partner in the projected union between Egypt and Libya, but King Feisal of Saudi Arabia who was privy to that attack plan. It proved to be a limited war with limited goals. Until then Sadat's policy of trying to cajole the United States into pressuring Israel into acceptable terms had failed: a military success on the battlefield was calculated to induce Nixon and Kissinger to impose a more stable situation in the Middle East. The offensive launched by Egypt, and joined by Syria, was a conventional military confrontation, fought by a technically proficient army manned by a generation of university-trained and drafted technicians, using textbook tactics. The Egyptian forces knocked out the Israeli positions along the Bar Lev line, but then hesitated, and switched to a defensive strategy when they might have maintained the offensive. The extent to which military or political considerations lay behind this tactic is not yet clear. But even a limited war with limited gains shattered the myth of the invincibility of the Israeli army and its intelligence apparatus. It also broke the myth of the fighting incapacity of Arab armies, and, most important of all, it broke the mood of fatalism and immobilisation within the Arab world. But this only temporarily perhaps, for Sadat's post-war tactics proved to be a logical continuation of the search of the Egyptian bourgeoisie and bureaucracy for close and amicable relations with the United States. The re-opening of diplomatic relations between Egypt and the United States was natural enough, as formal recognition that by then Egypt had handed Kissinger her negotiating brief in the dispute with Israel. Simultaneously, inside Egypt the Sadat regime's domestic measures demonstrated that her diplomacy was part of a larger concern by Egypt's rulers to forge a close relationship with imperialist capital. Western and other private capital was sought for the public sector. The most conservative oil-rich states were invited to invest. Some confiscated land was handed back to its former owners. The economy is to be 'liberalized' for private domestic capital, in harness with foreign capital. Libya's oil resources, accordingly, are no longer the most significant source of support on offer.

Perhaps more than anyone else in the Arab world, Gadafi emerged the loser from the 1973 war. Once Sadat and Feisal had been able to combine – and the history of

the origins and sequence of this collaboration are as yet untold - Gadafi and Libya were expendable. Saudi Arabia could offer infinitely more pressure with oil reserves so much vaster than Libya's; and Saudi Arabia had excellent relations with the United States. The thrust of an Arab drive for the combined use of frontal war and the economic weapon of oil were provided by the Cairo-Riadh axis. Libya was left on the sidelines. When the fighting was over and a ceasefire in operation, Gadafi was heard to be denouncing it as a comic-opera war, and accusing Sadat of a sell-out. (The Palestinians had indeed been edged to the fringe of the event, to be kept there throughout the prolonged negotiations, for the war and its aftermath have less and less to do with the Palestinian issue.) Gadafi refused to attend the Algiers summit in November 1973. He denounced Feisal as 'nothing but an oil merchant'. Relations between Egypt and Libya had rarely been worse. Passport controls were reimposed on Egyptians in Libya, and Egyptians there on official secondment were reported to be returning home.

In this context the Libyan-Tunisian merger proposal of January 1974 looked uncommonly like an act of pique on Gadafi's part: overlooked by Arabs to the east, he would build a union with a country to the west. It was an enterprise even more precipitate and worse prepared than the proposal for union with Egypt had been. And it collapsed even more precipitately, reducing to the level of farce one more attempt to forge Arab unity from on high in presidential proclamation. Arab unity, said Tunisian opposition leader in exile Ahmed Ben Salah, 'must not be used as a whiff of oxygen to save a regime already expiring'. He was referring to the internal state of Tunisia. As for Libya, every abortive unity attempt she tried was serving to discredit her own cause. The month after the Tunisian debacle Gadafi went to Egypt to patch up his differences with Sadat. His speeches were as obsessed with the need for unity as ever before. ('If Egypt falls, then the entire Arab nation will collapse'). But by then credibility in Gadafi's capacity for sustained strategy was severely strained. And, ironically enough, the Arab leader who had pressed hardest for the use of oil as a political weapon had been upstaged by oil-producing regimes that until the war had dragged their feet on every issue from Palestine to oil.

The effect of the war had been to isolate Gadafi and Libya from Middle East political events, to strengthen the Sadat regime with its new-found allies, and also to rigidify the ruling groups in the most conservative Arab states which had increasingly in the period after the 1973 war come to dominate events in the Middle East. For the war which initiated the use of oil as a political weapon found not only Algeria and Libya ready to reduce production and place an embargo on shipments to Europe, but Kuwait, Iran and Saudi Arabia too.

In time – by March 1974 – the embargo imposed by the oil producers to pressure Europe and the United States to alter their policy on Israel was lifted. But by then it

was clear that the use of the embargo and production cutbacks during the war were part of a far larger crisis over the control of the world's oil resources, and that oil was tilting the balance of world power.

The world's most advanced capitalist states, led by the United States, had to confront the fact that their economies' survival in the ensuing decade would depend on their oil imports from the Middle East, and this in precisely the period when the oil-producing states were threatening a cutback in production in a concerted policy to preserve their oil resources. The embargo, which was in any case applied only partially, was nothing like as important as production levels. The Arab producers have begun to assert their power not only through their insistence on price rises, but also by the assertion of their right to control production rates.

OECD estimates of world oil availability and demand calculate that even without the cutback in production, by 1980 the combined oil needs of the United States, Europe, Britain and Japan will considerably exceed oil production. This period of increased demand coincides with the faltering supply of United States domestic production, so that US demands for a larger share of the world supply will eat deeply into that supply.

Fred Halliday writes:

"While the rise in demand within each different imperialist economy will be of roughly the same order, the change in supply will be asymmetrical. The US will double its demand – from 15 to 25 million barrels – whilst its domestic supply will falter or even fall round the 12 million mark. Alaskan production, if and when it can be started, will provide around 2 million barrels a day, i.e. only 20 per cent of the increase in demand. This means that US import needs will rise, from under 15 per cent in the early 1970s, to up to 50 per cent by 1980. Europe will continue to import most of its oil, since the North Sea will produce only 2-3 million barrels a day, and Japan too will continue its dependence on imports. The 'energy crisis' is therefore both a general crisis of rising demand but it is distorted by the disproportionate increase in US import needs."

It is the disproportionate demands of the US economy which explain the frenzy with which that government is trying to induce European consumer-governments to allow the State Department to represent their interests in Middle East negotiations; the US anxiety is that European governments will continue in their efforts to conclude a series of bilateral oil deals with individual Middle East producers, and the United States will lose its controlling grip on the allocation and marketing of international oil.

The result of the rise in general oil demand is that producer state can continue to raise their revenues. There have been meteoric rises in the price of oil. In February 1974 a supply of Libyan crude sold for \$18.76 a barrel; the more general price at the time was \$15.76 but even this was six times the price paid here a few years earlier. (The Gulf price in the same period was in the neighbourhood of \$11.65 a barrel.)

Rising oil prices continue to mean rising profits for the oil companies as well as the producer-states. Company profits have in fact never been higher. But there is no denying that the shape of the international oil industry run by giant integrated companies is changing. The monopoly character of the industry, as it had once been controlled by the majors, has been eroded over the years, first by the competitive entry of the independent companies, later by joint ventures, especially forms of partnership between oil states and consumer states; and now, most recently, by producer-state intervention in price-fixing and production targets.

In the Arab world the financial reserves of the producers have grown sufficiently large for their movements to affect world money markets and the fate of metropolitan currencies. Instead of investment by advanced capitalist economies in the underdeveloped, though wealthy, oil states, there is the prospect of the ruling class of these underdeveloped states investing in the economies of the advanced capitalist world: a case of large-scale reverse-direction overseas investment.

Arab oil money can, of course, be re-cycled back onto the western economies through large-scale arms purchases and the import of high technology. Hence King Faisal's visit to Washington to call for United States aid to industrialize his country and negotiations between France and Libya. But even with the exchange of oil for western technology, the crisis of Western monopoly capitalism remains, for it is rooted in the declining power of the oil industry and receding western control over the world's energy resources. From being client states of the West the oil states are likely to become more assertive partners, forging in the process ever-closer links between western economies and policy-making and the ruling oligarchies of the richest oil states, and yet at the same time deepening the contradictions between competitive capitalisms, both mature and emergent.

Hinged on the structure of the industry, the exploitation of oil has made Libya inescapably part of the international capitalist system. Though much of the economy is still blatantly pre-capitalist, the dominant mode of production is capitalist, linked to giant multi-nationals resting on American, British, and European monopoly capital and management. Despite its great wealth Libya is dependent in the fullest sense of the word, providing crude oil to the metropolitan centres of the world in exchange for manufactured goods, foodstuffs, even primary materials. Subordinated to international capital in the economy are the remnants of pre- or

early-capitalist agrarian production, small-scale trading, an embryonic sector of national capital in commerce and industry, and a growing state sector. The growth of the economy since oil has been phenomenal, but growth has been restricted to this highly capitalized sector and its direct subsidiaries on the one hand; and on the other, to the public sector of the rentier economy's state, which is the direct beneficiary of the Libyan share of oil exploitation. Libya's series of confrontations with the oil companies are attempts to re-negotiate the terms by which the monopolies exploit the country's oil resources. The process is as yet incomplete. It is too soon to tell whether Libya can achieve more than partial control over the exploitation and use of these resources. For the meantime, then, between the multinationals and the state, there is thus both collaboration and yet a conflict of interests. On the surface there is a blazing hostility and a running quarrel over the pickings; but below this, there is a mutual dependence on oil and the cartel monopoly marketing structure which, by its subsidies – in the shape of oil royalties – to the state, creates a large and constantly expanding public sector.

In an oil economy based on highly sophisticated technology more than in any other post-colonial state, there is thus illustrated not any classic contradiction between the interests of metropolitan bourgeoisies and an indigenous ruling class, but a fundamental source of collaboration. Hamza Alavi has demonstrated the concept of a 'national' bourgeoisie which is presumed to become increasingly anti-Imperialist as it grows bigger, so that its contradictions with Imperialism sharpen. This, he argues, is derived from an analysis of colonial and not post-colonial experience. In the post-colonial state, 'the mutual relationship of the native bourgeoisie and the metropolitan bourgeoisie is no longer antagonistic; it is collaborative'. In large part this is embedded in the need for access to technology to sustain and develop the economic operations of the new state. Collaboration implies separate interests and a hierarchy of interests which involves a degree of conflict in their relationship and a tension underlying it. Convergence of interest does not dissolve into an identity of interests. There is nonetheless an element of mutual dependence even in the context of oil economies in which producer-states command such excessive resources.

It is the nature of the post-colonial state which is crucial to an understanding of the role of Libya's army régime. The coup d'état is a recurring problem in post-colonial societies on all the continents of the Third World which are neither part of the advanced capitalist world nor socialist. The coup d'état brings to power a military-bureaucratic oligarchy which runs the country through its power over the state machine. The state apparatus in the post-colonial state is inherited from the withdrawing – or ejected – colonial power; and in the nature of its pre-independence function, to institutionalize the subordinate relationship of the

colonial population and society, it is over-developed. Yet it is, after independence, not the instrument of any single indigenous ruling class.

In Libya under the monarchy, the functions of the domestic state were controlled by the traditional oligarchy, linked with incipient elements of a new bourgeoisie, under the direct tutelage of metropolitan power. The seizure of power was not so much a revolution made by the petite-bourgeois as one that has made way for its speedier formation. Under the Revolutionary Command Council, political power rests in a small army group that rules through its control of the state machine on behalf of a range of domestic social class interests, which are not identical but are mediated through the all-powerful and relatively autonomous state. By comparison with post-colonial states in which there are competing interests between indigenous bourgeoisie, Libya's social formation is relatively simple; and the state's role as mediator between the interests of conflicting groups, relatively uncomplicated. There is no policy against the development of an indigenous bourgeoisie; but the growth of this class has been and will continue to be limited by the state's own economic ventures and its control over the country's economic resources. There is no policy against the acquisition of private land; but there is no powerful entrenched landed class. There is a working class; but it is tiny, and its organization and class action are government controlled. There is a great body of rural and urban poor, illiterate, sick, and under-employed; but one patronized by an oil-rich state which dispenses oil royalties as sheltered employment and welfare disbursements. There is a large and growing petite-bourgeoisie, which is mostly urban, ranging from small businessmen and shopkeepers to professionals, intellectuals, and students, and a huge spreading stratum of public officials. In new states the advent of the petite-bourgeoisie is directly related to the increased numbers of officials in the state machine and the public sector. In an oil state, where massive resources are channelled directly to the state, the representatives of this bureaucracy manage the use of a handsome national surplus and its allocation. Under an army regime like Libya's it is not the petite-bourgeoisie which rules directly – and a national bourgeoisie is virtually non-existent – but a military-bureaucratic faction which directly commands the power of the state. The army acts as a ruling class in charge of a statist economy.

In successive Arab countries (Egypt, Iraq, Syria, Sudan, and Libya) the petite bourgeoisie's closeness to power has run through young army officer movements. The army becomes not just the leading force of the petite-bourgeoisie revolution but one elevated above it and in control of it. The military in power is strongly self-confident; hostile towards autonomous political organization, mass movements, even civilian life as a whole. It mediates the interests of the petite-bourgeoisie, as its armed, organized, and most efficient representatives. Though it is not a class by virtue of its ownership of capital and means of production, it exercises the power of

decision over resources and the use of state capital. Most of these régimes have practised extensive nationalization measures and have built large public sectors of the economy. Nationalization has generally arisen out of the struggle for independence in the economic as well as the political sense; in the absence of a dynamic and independent national bourgeoisie, this was one way of trying to give the economy a self-sufficient base. But when control was made no more accessible after the revolution to those strata of the population denied it before, economic power as much as political proceeded to accrue in the hands of a state which claimed to mediate the interests of all classes but which in fact was relatively autonomous of them all.

By contrast with the trained bureaucracy, the members of Libya's Revolutionary Council, the Free Officers and the ranks of the army are not generally recruited direct from the petite-bourgeoisie. They spring rather from the rural depressed in the interior and the under-employed or less established strata in the towns. But once in power the army, and its subordinate partner the bureaucracy, imposes on army, state, and populace the essential ideology of the petite-bourgeoisie. This is in part because the development of the state apparatus and its allocation of formidable resources is accompanied by a massive rise in consumption, but also because the army-led revolution, in which the masses play no organized autonomous role, consciously adopts the ideology common to the petite-bourgeoisie of the Arab world.

Writing on this ideology, Michael Kamel shows how in most Arab countries, the petite-bourgeoisie forms a broad social base, comprising small landowners, craftsmen, small traders, government employees, officers and rank-and-file in the army, students and intellectuals, and those engaged in small-scale production in town and countryside. The Arab revolution, notably after 1952 in Egypt, enlarged this class still more, as a result of agrarian reform laws which favoured the middle-sized peasantry, the rewards to this class from the nationalization of foreign capital, the extension of public services and education, and the expansion of the army. If, Kamel writes, ideology is conceived as an integral set of philosophical, ethical, juridical, and political concepts, the working class and the capitalist order are seen to have their distinct ideology and characteristic ideological method. But the petite-bourgeoisie, because of the intermediate position it occupies, because of the duality of its character and its transitory nature, has a complex outlook constituted of scattered and heterogenous ideas. It cannot adopt the ideological approach of either of the two poles of struggle, since one of them leads to the abolition of property, while the other leads to the concentration of capital and its power and thus threatens the petite-bourgeoisie with the fate of the propertyless. The petite-bourgeoisie thus projects a 'third' ideology and searches for a 'third' way, not identified with either major class, and seemingly above class. This is Gadafi's Third

Theory: the Libyan Socialist Union charter's 'non-exploiting capitalism', a formula that did not originate in Libya, and which expresses at the same time hostility towards big capitalism and a defensiveness towards capitalist property relations. Capitalism is capitalism only if it grows beyond a certain size and beyond the control of the petite- and middle-bourgeoisie.

Because the petite-bourgeoisie is not a homogenous class but one that vacillates between the needs of small traders and farmers and petty officials, often close to the masses; and the interests of those higher up the social and employment pyramid like larger landowners and businessmen, professionals, technicians, and the higher ranks of the administration, the ideology of the petit-bourgeoisie is essentially wavering and pragmatic. It has constant shifts of emphasis, reflecting the shifting state of interests within this large, amorphous class. But it does seek consistently not to assert class interests within society but to reconcile them. The 'non-exploiting bourgeoisie' is called upon to struggle for socialism like everyone else. The stress is on the need for an equilibrium between exploiters and exploited. The reconciliation of shifting interests is done under the aegis of the state and through state-initiated and state-run politics. Yet even the Arab Socialist Union is organized not as an alliance of class interests, united for the same objectives, but as a collection of individuals who have the right to express themselves as individuals but not as representatives of any class. Gadafi is insistent that the Libyan Arab Socialist Union will not permit any manifestations of class struggle. Such is to be controlled by the state.

This leads to another characteristic of this ideology: a distrust of the masses and their autonomous action. The Baathist theoretician Michel Aflaq claimed that his movement represented 'the entire nation which is still in slumber, ignorant of its reality, unaware of its identity, forgetting its needs. We have preceded it, therefore represent it.' This is precisely Gadafi's view of his own group's role in his country, and throughout the Arab world for that matter. This tutelage of the nation finds expression in the working methods and style of politics once these are allowed. Political instruments are created from the top; any already in existence are dissolved. Popular organization is not for the exercise of popular power or initiative but as an instrument for mobilization by the state and for gathering intelligence. The populist demagogy is passionate, but it disguises the manipulation of the people by the carefully fashioned instruments of the state. At times struggle against vested interests is encouraged, even initiated, as in the Libyan cultural revolution against bureaucracy; but it is controlled and liable to be frozen when it reaches a critical mobilizing phase. The theory of the nation as a whole united for socialism means that exploitation is not an expression of class struggle but a deviation from the nation's morality. If the non-exploiting bourgeoisie exploits after all, this is



corruption, not class action, and as such is dealt with by the juridical or semi-juridical powers of the state rather than by the mobilization of counter-class action.

The Arab nation, Gadafi has said, dispenses with struggles for Right or Left on its territory. This is not to say that the state mediates as a neutral or that all ideologies are equal. The rejection of any conception of the class structure of society and sources of conflict has led in turn to a rejection of the independent role of dispossessed classes, whether workers or semi-peasants on the land or in the modern sector. In Libya especially, where class formation is significantly less developed than in most other parts of the Middle East and the Maghreb, the pressures of an indigenous large bourgeoisie are relatively absent: but so, too are those of a proletariat and genuine peasantry. The petit-bourgeoisie is correspondingly more assertive than ever. Libya is perhaps the expression *par excellence* of the army-run state dominated by petite-bourgeoisie ideology and unchallenged by the organized expression of any diverging interest.

The search for a third way between capitalism and socialism and the rejection of the ideologies of these systems also leads to a search for more 'authentic' roots. Islamic socialism is the inevitable result, for several reasons. In the first place, it represents a genuine rejection of the impositions of the imperialist West. In the second place, the religious doctrine already exercises a profound influence on vast masses of the people, especially in the rural areas. And thirdly, the Islamic ethos preaches the equality of all believers regardless of wealth or occupation. Islam as an ideology and a set of rules for the organization of social life inhibits the emergence of a class view. Islam also provides a language in which ritual and symbolic interactions either deliberately ignore the societal economic structure or minimize its significance. Emphasis is laid instead on the value of belonging to a community; and the community is that of all believers. Libya has been untouched by any reform movement within Islam and the influence of men like Mohamed Abdu who opened the way to secular rather than religious nationalism. In Libya Islam plays an important part in projecting the ideal of a strong and unified state from which all internal dissension has been eradicated.

Though Gadafi's Libya abominates the organized right as much as the organized Left, and the Moslem Brotherhood equally with Marxism, his own ideological compound of nationalism, religion, and social reform serves to clear the way for the Brotherhood's message, rather like John the Baptist did for Christ. The pull of religious brotherhood is invariably stronger in the countries which have been moved less by social revolution and class organization. Libya is an ideal breeding ground for the belief of the Moslem Brothers, and a source of inspiration to their counterparts in Egypt, regrouping visibly under Sadat's policy of conciliating the

right, and stirred by the political assertion of Islam by the reactionary states of the Arab world.

Not that there are serious sources of opposition within Libya. There is dissent perhaps, but not organized opposition; and even dissent is heavily repressed. The danger is not of any civilian challenge to the army régime, but of an army finding no way to build civil institutions, to delegate authority and to evoke real popular participation, and instead, entrenching itself and its bureaucratic methods of control. Such may well subject Libya to an endless coup syndrome.

In the absence of any dominant ownership-class to which the state can be subordinated – and in the special situation of the post-colonial state – the military is likely to continue to fill this lacuna.

There may well be inner army conflicts, even army power upheavals. Army coups made by one faction of the officer corps tend to provoke others. Gadafi's own influence rests on the fact that he was virtually the sole architect of the 1969 coup plan. He is most vulnerable to currents of discontent among his fellow Revolutionary Command Council members, and among the inner group of Free Officers, who acknowledge his leadership, but regard the revolution as their property as well as his, and must increasingly resent Gadafi's imperious, and even punitive, control of them.

But whichever way Libya's internal politics shift, the political and economic mould in which she is cast as an oil *rentier* state with an army-run corporate political system, has set too hard for short-term political changes to alter that shape significantly.

Like their military counterparts in several other Third World countries, the Libyan military régime has ambitious plans to develop the economy, and more means than most. But the development approach is characteristic of this style of statist, technocratic planning. The state is actively to intervene in production, and to dominate it. Planning and execution are to be the responsibility of technicians and experts. The masses of the people are to be beneficiaries of an authoritarian paternalism; there is to be no participation or mobilization from below.

The economy will be wealthier than ever but also more dependent on its sole generator of growth, oil. The attempts to diversify the economy will result in the development of an industrial and possibly an agricultural sphere (though this is of more doubtful endurance) of high technology and capital intensity, but these sectors will be less integrated than ever with the rest of the Libyan economy and

the country's productive forces, and more like a transplanted vertical sector of foreign capitalist production.

Now that the world balance of economic power is tilting so dramatically, how much long-term advantage will Libya seize? With incomplete and yet unprecedented control over the production and allocation of the world's supply of energy, the oil states will have undreamt-of resources, even by the standards of oil-rich states. Some countries like Algeria and Iraq have already begun to develop a supportive economic infrastructure and a more balanced economy. Others like Saudi Arabia and Libya have virtually non-existent industry and agriculture, and are liable to intensify the *rentier*-state characteristics of their economies, with oil production and its industrial benefits operating as an enclave and in considerable isolation from the rest of the economy and social system. The ruling classes of the oil shajdoms will integrate their régimes more securely within the international capitalist system, even if their financial power will enable them to function more independently than hitherto. But it should be possible in Libya to recognize the crisis as an opening for the exploited populations of the world, not in the interests of élite minority ruling groups exclusively, but an opening for the masses of people; to use the power tilted in the direction of their countries to find the means to forge a concerted strategy of social transformation. This kind of change can, however, not be bureaucratically improvised from above without the mobilization of the masses of the people, and without their assertion of their need for social control of the productive forces and political systems of their countries. It is also not a change which can be asserted by military régimes bounded by the ideology and the aspirations of petite-bourgeois nationalism. So Libya may well miss her chance to re-make herself, and to take advantage of the power which her assertive policies in the sphere of oil have helped to achieve.

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